

## Islamic Economic Laws in Action: The Operationalization of Halal Standards in Larona Sharia Hotel

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**Abstract:** *Halal tourism has grown rapidly due to a rising Muslim population and their travel excitement, affecting the worldwide tourist business. Halal tourism promotes Islamic values by offering prayer places, halal cuisine, and culturally suitable customs. Indonesia, as the largest Muslim-majority nation, has experienced an increase in the demand for halal-compliant accommodations, resulting in the emergence of halal-certified hotels. The Larona Syariah Hotel in Palopo exemplifies a transition from traditional operations to sharia-compliant standards after its reorganization in 2021. This study analyses the implementation of halal standards at Larona Syariah Hotel, emphasizing compliance with Fatwa DSN-MUI No. 108/DSN-MUI/X/2016 and pertinent regulations, such as Peraturan Menteri Pariwisata dan Ekonomi Kreatif No. 2 year 2014, which provides guidelines for halal tourism and accommodation. This study employs both descriptive and evaluative methodologies to assess the implementation of halal regulations in hotels, utilizing an empirical-legal and socio-legal framework and methodology. As evidenced by the presence of a prayer chamber furnished with prayer mats and Qurans, as well as the rigorous prohibition of alcohol consumption, wagering, and interactions with non-mahram individuals, the findings suggest a substantial commitment to Islamic principles. The hotel's non-halal food may be better. The hotel's human resources department follows Sharia by recruiting Muslims and enforcing modest clothes and religious rituals, including daily prayers. These regulations have been found to improve employee morale and increase consumer satisfaction, according to interviews with hotel management. The Larona Syariah Hotel serves as an illustration of the hotel industry's adoption of halal standards, offering valuable insights into the integration of Sharia principles into hospitality administration*

**Keywords:** *Fatwa MUI; Halal Tourism; Human Resource Management; Halal Standards; Sharia-compliant Hotel;*

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## Introduction

The demand for halal tourism has increased significantly in the global tourism sector as a result of the increasing Muslim population and their increased interest in travel. Halal tourism is a distinct sector of the tourism industry that is dedicated to providing amenities and services that are in accordance with Islamic principles and are specifically designed for Muslim travelers. This encompasses activities that adhere to Islamic principles, designated prayer areas, and halal cuisine options. The increasing demand for these services has resulted in the growth of Sharia-compliant accommodations, especially halal-certified hotels. Indonesia, the largest Muslim-majority nation, has established itself as a significant participant in the halal tourism sector. (Sánchez & Moral, 2018). The increasing demand for such services has prompted the growth of Sharia-compliant accommodations, notably including halal-certified hotels.

The initiatives undertaken by the government, including the promotion of halal tourism destinations and the encouragement of Sharia-compliant hospitality enterprises, have fostered a favorable environment for the expansion of this sector. South Sulawesi's Palopo, also known as the "City of a Thousand Hills," is one of the cities undergoing this transformation. Academics have raised apprehensions about the profundity and efficacy of following through with Sharia principles, alongside the obstacles faced in this endeavor.

The Larona Syariah Hotel in Palopo differentiates itself by transitioning from traditional operations to adopting Sharia-compliant standards. Established in 2018 and reorganized in 2021, the hotel is committed to providing services that adhere to Islamic principles, as specified in Fatwa DSN-MUI No. 108/DSN-MUI/X/2016. (Joeliaty et al., 2020; Mulyani et al., 2022) Scholars have expressed concerns about the depth and effectiveness of adherence to Sharia principles, as well as the challenges encountered in this pursuit. The operational architecture of the Larona Syariah Hotel prioritizes compliance with Islamic principles.

The operational model of the Larona Syariah Hotel emphasizes a dedication to maintaining Islamic principles. The hotel is strategically situated in Takkalala, Wara Selatan, serving Muslim families and individual travelers who are in search of a Sharia-compliant environment. The facilities comprise 10 rooms, a playground, and a small prayer area furnished with essential items such as the Quran, sajadah, and mukena. Furthermore, the hotel has formed a partnership with RedDoorz Syariah to improve its digital visibility and accessibility.

The Palopo Tourism and Creative Economy Office's data suggests a substantial increase in tourist arrivals, as demonstrated by the city's hotel occupancy rate, which increased from 30.38% in 2021 to 30.42% in 2022. In 2023, the Larona Syariah Hotel accommodated 626 domestic tourists and nine international visitors, contributing to this trend. The data underscores the hotel's role in promoting halal tourism, indicating a growing acceptance of Sharia-compliant hospitality. (Harith et al., 2022).

Despite its achievements, further inquiry is required to ascertain the hotel's adherence to sharia standards. For instance, despite its ban on alcohol and strict admission regulations for unmarried couples, it lacks essential elements like a Dewan Pengawas Syariah (Sharia Supervisory Board) and formal halal certification for its food and beverages. Its claim to be a completely Sharia-compliant establishment is significantly impeded by these deficiencies.

The present corpus of research on sharia-compliant hospitality and halal tourism primarily emphasizes macro-level analyses, which include market trends, consumer behavior, and policy frameworks. However, there is a dearth of research that investigates the micro-level operational dynamics of individual halal-certified hotels, particularly in Indonesia's secondary cities, such as

Palopo. The ongoing journey of the Larona Syariah Hotel in the halal tourism sector of Palopo offers valuable insights for other emerging Sharia-compliant hospitality entities aiming to establish a presence in this expanding market. (Supaijo et al., 2023; Wibowo & Khoiruddin, 2020)

Additionally, additional research is necessary to examine the convergence of Islamic economic law and its application in the hospitality industry. How do these organizations maintain a balance between their operational sustainability and their adherence to sharia principles? What are the financial, regulatory, and social obstacles they encounter? The importance of empirical research in linking theoretical frameworks with practical applications in real-world contexts is underscored by unresolved inquiries. The research investigates the following:

1. **Implementation of Sharia Principles:** The extent to which the hotel adheres to Fatwa DSN-MUI No. 108/DSN-MUI/X/2016 and other relevant regulations, including those issued by Indonesia's Ministry of Tourism and Creative Economy, such as Peraturan Menteri Pariwisata dan Ekonomi Kreatif No. 2 of 2014, which provides guidelines for halal tourism and accommodation (Khutub & Ulfa, 2022) standards in alignment with Islamic principles.
2. **Operational Challenges:** The barriers faced by the hotel include legal, managerial, and consumer-related issues.
3. **Opportunities for Improvement:** Recommendations to enhance compliance and position the hotel as a benchmark for halal tourism in Palopo.

The Larona Syariah Hotel demonstrates adherence to Islamic economic law, particularly in its prohibition of activities considered un-Islamic and its emphasis on ethical practices, as suggested by the initial findings. Fatwa DSN-MUI No. 108/DSN-MUI/X/2016 provides a framework for sharia-compliant tourism and accommodations in Indonesia, outlining the legal prohibitions associated with these practices. In addition, the Peraturan Menteri Pariwisata dan Ekonomi Kreatif (Minister of Tourism and Creative Economy Regulation) No. 2 of 2014 (Dewi et al., 2022) sets forth halal certification standards to ensure that practices are in accordance with Islamic values and to promote sustainable and ethical tourism. Nevertheless, the operational framework continues to include deficiencies, such as the incomplete status of halal certification and the absence of a Sharia Supervisory Board. The identified deficiencies not only impede the hotel's ability to appeal to a broader Muslim clientele but also undermine its compliance. (Battour et al., 2021)

Addressing existing gaps in the literature on halal tourism, this study (Sánchez & Moral 2018) provides policymakers, hospitality professionals, and researchers with valuable insights. Additionally, it emphasizes the critical role of Islamic economic law in shaping sustainable and ethically oriented business models within the tourism sector. The research endeavors to establish the Larona Syariah Hotel as a case study to analyze the dynamics of Sharia-compliant hospitality in Indonesia.

## **Methods**

The research utilizes an empirical-legal and socio-legal framework, incorporating both descriptive and evaluative components to examine the implementation of halal standards. This study emphasizes the examination of the relationship between legal compliance and practical implementation in the hotel industry, utilizing Larona Syariah Hotel as a case study.

This study examines the following variables:

1. The implementation of halal standards is evaluated by examining the degree to which the hotel's operations conform to these standards, encompassing aspects such as facilities, food and beverage offerings, and entertainment provisions.

2. **Human Resource Management:** This analysis focuses on the policies and practices related to staff recruitment, training, and daily operations, ensuring compliance with Sharia principles.
3. **Customer Compliance:** Assesses guest adherence to the hotel's Islamic regulations, encompassing guidelines related to muhrim relationships and prohibited activities.
4. **Financial Management:** Examines the application of Sharia-compliant financial systems and transactions.
5. **Regulatory Compliance:** Emphasizes the alignment of hotel operations with Fatwa DSN-MUI No. 108/DSN-MUI/X/2016 and other pertinent regulations, including the provisions set forth by the Ministry of Tourism and Creative Economy as detailed in Permenparekraf No. 2 of 2014. This regulation classifies Sharia hotels into two categories, Hilal-1 and Hilal-2, while also outlining the criteria necessary for Sharia compliance. The essential provisions encompass mandates for Sharia-compliant facilities, the prohibition of non-halal activities, guidelines for the preparation of food and beverages, and the formation of a Sharia Supervisory Board (Dewan Pengawas Syariah) to oversee operations.

In order to guarantee the rigor and comprehensiveness of the research findings, the subsequent data collection methods were utilized:

1. **Observation:** Direct observations were carried out at the Larona Syariah Hotel to systematically document its facilities, daily operations, and adherence to halal standards. Special emphasis was placed on the accessibility and utilization of prayer facilities, food preparation methodologies, and customer engagement.
2. **Semi-structured interviews** were carried out with principal stakeholders, including:
  3. **Hotel Management:** To gain insights into their approach to the implementation and maintenance of Sharia-compliant operations.
  4. **Employees:** To evaluate their understanding of Sharia principles and the obstacles encountered in routine operations.

The analysis of data was conducted through the following steps: First, the collected data were systematically organized and filtered to identify pertinent information. This involved the classification of data according to variables, including facility management, financial practices, and regulatory compliance. *Second*, The data were presented in both tabular and narrative formats to ensure a comprehensive understanding of the findings. This facilitated a more straightforward interpretation and the discernment of patterns and trends. *Third*, **Conclusion Drawing and Verification:** Conclusions were derived from the analysis, establishing connections between the findings and the research objectives. Verification processes, including triangulation, were utilized to ascertain the accuracy and reliability of the conclusions drawn.

This research employs an empirical approach that offers a thorough understanding of the operational dynamics within the hotel industry. Observations and interviews functioned as the principal methods for documenting real-world practices, whereas document analysis provided a contextual backdrop for these findings within the overarching framework of Islamic Economic Law.

The study complied with ethical standards, guaranteeing the confidentiality and anonymity of the participants involved. Informed consent was secured from all participants, and data were managed with due diligence to uphold integrity. The research offers significant insights; however, it is constrained by its concentration on a singular case study. Subsequent research may enhance the breadth of understanding by incorporating a variety of Sharia-compliant hotels, thereby offering a more comprehensive view of the implementation of halal standards within the hospitality sector.

## Results and discussion

### 1. Implementation of Halal Standards

The implementation of halal standards at Larona Syariah Hotel demonstrates a noteworthy commitment to the principles established in Fatwa DSN-MUI No. 108/DSN-MUI/X/2016. Observations suggest that the hotel's facilities, including the prayer room furnished with Qurans and prayer mats, demonstrate a significant dedication to supporting religious practices. The restrictions on alcohol consumption, gambling activities, and interactions with non-mahram guests further illustrate a commitment to Islamic principles. Nonetheless, the lack of halal certification for its cafeteria services, including food and beverages, highlights areas that necessitate enhancement.

### 2. Human Resource Management

The recruitment and training policy at Larona Syariah Hotel is in accordance with Sharia principles. The majority of staff members identify as Muslims and follow established guidelines regarding clean, simple, and inconspicuous clothing. Employees participate in ongoing training to ensure their proficiency in Islamic hospitality standards. Insights gathered from the interviews underscore the beneficial effects of these policies on employee morale and guest satisfaction.

The management of human resources at the Larona Hotel is a kind of indicator of employee satisfaction with hotel management. This is so that consumers are not customers who are measured by the level of satisfaction with hotel services, but employees who work at the hotel need to be made a kind of satisfaction indicator service. The Larona Syariah Hotel Palopo City has several staff and employees managing the residence. The researcher conducted a direct interview with a research informant regarding the implementation of what halal standards are met in this hotel so that the Larona Syariah Hotel uses sharia principles in its hotel management. The form of management carried out by Hotel Syariah Larona in terms of Human Resources (HR)

The hotel is recruiting employees only who are Muslim or Muslim because it makes it easier for the hotel to provide direction on matters that smell of Sharia. The hotel requires employees to cover the "aurat." Female employees are required to wear a hijab and dress modestly in accordance with Islamic rules, and male employees are required to dress modestly to cover the aurat according to Islamic Sharia rules. For worship, the hotel requires 5 prayers. This is quoted from the results of an interview with the manager of the Larona Syariah Hotel on behalf of "Isra Mulyana" who stated that:

*“Kami merekrut karyawan yang hanya beragama Islam dan taat beragama sebagai bentuk memudahkan pemahaman konsep hotel tentang syariah. Mengharuskan pula karyawan untuk sholat 5 waktu di mushala hotel yang disediakan. Kami juga mengharuskan karyawan hotel berpakaian tertutup serta menyediakan baju bagi karyawan”*

In terms of organization, because Hotel Syariah Larona adjusts to the condition of the hotel, which is not too large, there are only a few employees totaling 3 people, namely 1 woman and 2 men. Meanwhile, the hotel only has 3 departments, namely the Front Office Department, the Housekeeping Department, and the Security Department.

### 3. Customer Compliance and Challenges

The hotel implements stringent policies, including the necessity for couples to provide proof of marriage and the prohibition of alcohol consumption, to ensure adherence to Islamic guidelines. Although these measures improve the hotel's credibility, they can occasionally present challenges, including resistance from guests who are not familiar with Sharia-based regulations. Informing guests

about the reasoning underlying these policies is essential for enhancing compliance and overall satisfaction.

#### *4. Financial Management*

Larona Syariah Hotel incorporates Islamic financial principles through a collaboration with Bank Syariah Indonesia (BSI). This collaboration guarantees that transactions adhere to the principles of Islamic economic law. Nonetheless, the ongoing reliance on traditional banking methods, while effective in serving a varied clientele, underscores a potential area for enhancement to attain complete Sharia compliance.

#### *5. Regulatory Compliance*

Adherence to Permenparekraf No. 2 of 2014 is demonstrated through the classification of hotels as Sharia hotels. The adherence to standards, including the prohibition of non-halal activities and the provision of Islamic facilities, is praiseworthy. Nonetheless, the absence of a Sharia Supervisory Board creates a deficiency in maintaining ongoing compliance and accountability. Similarly, food and beverages have not received certification as required by the regulations (PerMenParekraf No.2/2014) and the fatwa provisions concerning the necessity for halal certification.

#### *6. Analysis*

The implementation of halal standards at Larona Syariah Hotel highlights the practical application of Islamic Economic Law within the hospitality sector. The findings of the study indicate that although the hotel demonstrates proficiency in numerous aspects, it faces challenges, including customer resistance and deficiencies in certification. Addressing these challenges necessitates a comprehensive strategy:

1. Expanding Financial Integration: Transitioning fully to Islamic banking systems can strengthen the hotel's commitment to Sharia economic principles.
2. Improving Customer Education: Creating resources that elucidate the principles of Sharia hospitality can assist guests in comprehending and valuing the hotel's policies.
3. Enhancing Certification Initiatives: The pursuit of halal certification for all food and beverage services will improve credibility and ensure compliance. The establishment of a Sharia Supervisory Board will implement formal oversight mechanisms to guarantee ongoing compliance with Islamic principles.
4. Enhancing Financial Integration: A complete transition to Islamic banking systems can reinforce the hotel's dedication to Sharia economic principles.

## **Conclusion**

The situation of Larona Syariah Hotel exemplifies the capacity of Islamic Economic Law to inform ethical and inclusive practices within the hospitality industry. By addressing the identified gaps and challenges, the hotel can enhance its status as a benchmark for Sharia-compliant hospitality, thereby contributing to the advancement of halal tourism and the overarching goals of Islamic economic development.

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